




## Will a Low Unemployment Rate Impact Growth?

Utah is enjoying the best economic environment it has experienced in the past nine years. Employment growth is in the mid 4-percent range, a level of growth not seen since 1997. Unemployment has fallen below 4 percent and is trending lower. Tax revenues are rolling in above expectations, signaling a high amount of spending activity in the Utah economy. These revenues also provided the state legislature with the largest budget surplus it has ever handled. Construction is booming, with historical highs in new residential building, and an impressive list of current and potential commercial building projects.

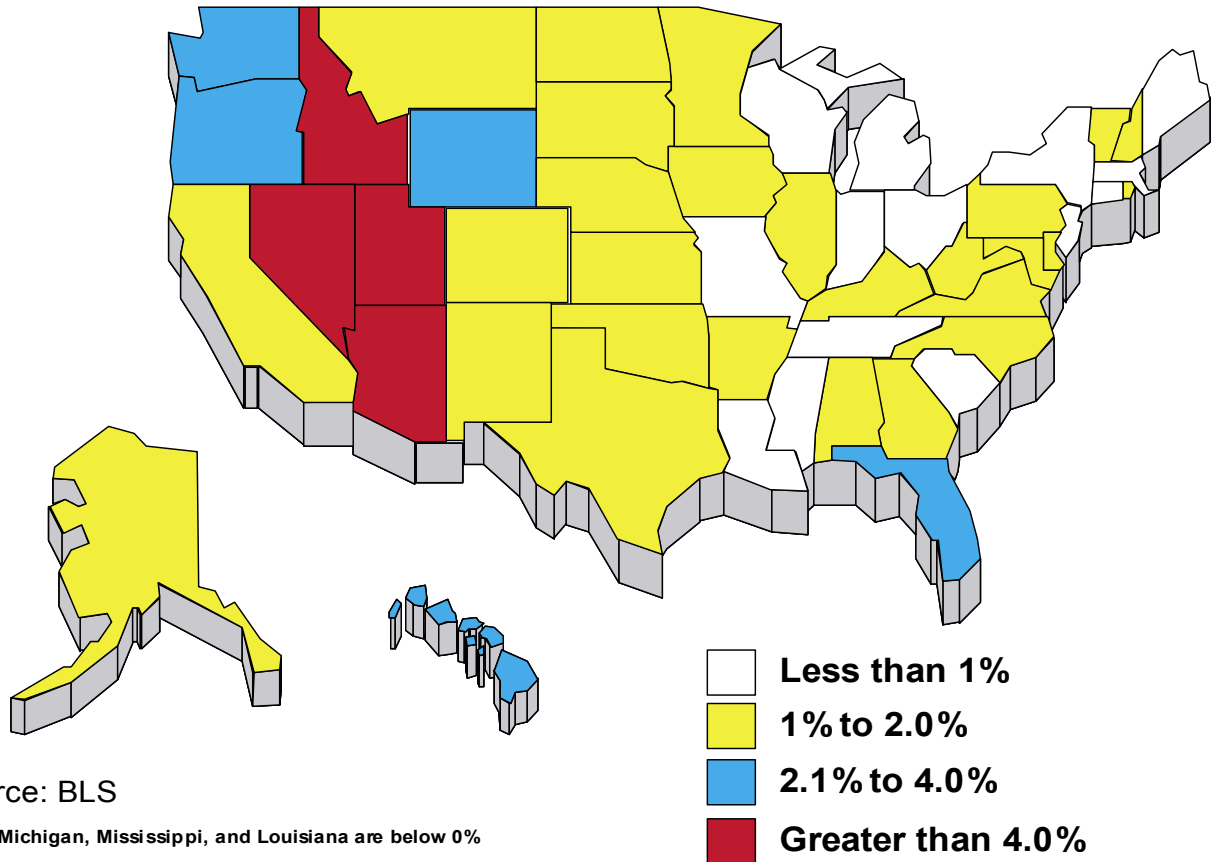
Utah's low unemployment rate shouldn't present a constricting problem for further economic growth. Some industries could actually be hindered by labor shortages, like construction, but as for the entire economy as a whole, I believe it will be able to grow at its desired pace even in the face of a tightening labor market. Why? Because of economic weakness in other states.

That weakness acts as an incentive for those states' idled workers to look to Utah, and other booming western states, as attractive opportunities for employment. I'm banking on continued strong in-migration as the answer to Utah's tightening labor needs. If the overall United States economy should pick up an unexpected head of steam in the next year or two, then such a situation would actually hurt the Utah economy, as it would dry up this in-migration flow. It was this very phenomenon that slowed the Utah economy in the late 1990s.

An energy boom is once again enveloping some of Utah's energy-based rural counties. The high price of oil and natural gas has drilling activity in the Uintah Basin looking like the last boom seen in the 1970s. That boom was followed by several decades of bust, which, in those volatile energy economies is, unfortunately, common. But the current world oil environment leads one to think that the Basin's current prosperity should be longer-lived and, although eventually slowing, not developing into a region-depressing bust. 

More? Go to: <http://jobs.utah.gov/wi/press/tlextra/tlextracurrent.asp>

# Employment Growth Rates – December 2005



## highlights

- Homebuilding in Utah ended 2005 at a frantic level, with more residential permits issued than in any other year in the state's history. <http://deseretnews.com/dn/view/0,1249,635188013,00.html>
- Utah officials have begun the state's largest road reconstruction project since pre-Olympic expansion of I-15 in Salt Lake County. For the next three years, orange barrels will line a 4½-mile stretch of I-15 in Weber County. <http://deseretnews.com/dn/view/0,1249,635183307,00.html>
- A major downtown Salt Lake City office tower project first announced in May 2004 will finally get under way this year, adding almost a half-million square feet of office space to the heart of Salt Lake City. <http://deseretnews.com/dn/view/0,1249,635185167,00.html>
- IM Flash Technologies LLC said it will hire 1,850 people in Utah over the next two years and put its corporate headquarters at the former Micron Technology Inc. facility in Lehi. <http://deseretnews.com/dn/view/0,1249,635192665,00.html>